

ARTICLE APPEARED  
ON PAGE C-13

NEW YORK DAILY NEWS  
31 March 1986

# Soviet arms keep flexing

By TIM AHERN

The Associated Press

WASHINGTON — Soviet leader Mikhail Gorbachev's ambitious strategy for modernizing his nation's troubled economy isn't likely to slow plans for building new military weapons, according to an assessment by two major U.S. intelligence agencies that was released yesterday.

Soviet military leaders generally support Gorbachev's economic plans, although that backing could wane within two or three

years, according to the Central Intelligence Agency and the Pentagon's Defense Intelligence Agency.

The CIA-DIA report was made March 19 in a classified meeting with the congressional Joint Economic Committee. A declassified version was made public by Sen. William Proxmire (D-Wis.), a member of the panel.

## Overhaul set

The study noted that since Gorbachev came to power in March 1985, he has announced plans to overhaul

and modernize the Soviet economy.

"Gorbachev's plans call for boosting economic growth through massive replacement of outdated plant and equipment and an emphasis on high-technology industries," the study said.

Achieving his goal would "require record growth in the machinery allocated for modernizing Soviet plant and equipment," it said, noting that the machinery produced by the same sector of the economy that builds military hardware.